

AGENCY STRATEGIC PLAN

FOR THE FISCAL YEARS

2003 - 2007



Arkansas Insurance Department

June 5, 2002

Working Draft

AGENCY STRATEGIC PLAN APPROVAL FORM

FOR THE FISCAL YEARS

2003 - 2007

(Director's Signature)

(Board/Commission Chair Approval, if applicable)

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STRATEGIC PLAN

Agency Name	ARKANSAS INSURANCE DEPARTMENT
Agency Mission Statement: “The purpose of the State Insurance Department is to serve and protect the public interest by the equitable enforcement of the state’s laws and regulations affecting the insurance industry. The primary mission of the State Insurance Department shall be consumer protection through insurer solvency and market conduct regulation, and fraud prosecution and deterrence. Nothing in this subsection shall be construed to limit the commissioner’s authority as enumerated in other provisions of the Insurance Code.” [Act 610 of 2001, Section 1.]	

AGENCY GOAL 1: To provide Arkansas consumers with state-based insurance regulatory operations that proactively monitor insurer solvency and oversee insurer practices and treatment of consumers.

AGENCY GOAL 2: To provide efficient administration of the state Worker’s Compensation Program.

AGENCY GOAL 3: To effectively deter insurance fraud when possible and prosecute it when necessary.

AGENCY GOAL 4: To effectively administer and support the Department's programs.

Agency Name		Arkansas Insurance Department
Program		Administration and Regulatory Support Services Program
Program Authorization		Arkansas Annotated Codes: 23-61-201, 23-61-601, 23-76-122, 23-40-101
Program Definition: Funds-Center Code: 349, 348, 341, 339, 756, 130, 880, 874		This program is composed of all activities and resources necessary to administer and support the regulatory activities of the other Programs.
AGENCY GOAL(S) #	4	
Anticipated Funding Sources for the Program:		Special Revenue, Cash Fund, Trust Funds, and Federal Grants

GOAL 1: Effectively administer and support the regulatory activities of the other Programs.

OBJECTIVE 1: Administration and Regulatory Support. Provide Department resources (management, personnel, systems, and material) necessary to continue to improve consumer protection by insurance industry regulation in Arkansas.

STRATEGY 1: (Sub-Funds Center Codes:) Provide administration necessary to ensure that department is focused on its regulatory objectives and performance targets.

STRATEGY 2: (Sub-Funds Center Codes:) Provide general operations support and resources to satisfy operational needs that exceed the boundaries of the other individual Programs.

Agency Name	Arkansas Insurance Department
Program	Administration and Regulatory Support Services Program

PERFORMANCE MEASURES: (Effort, Output, Outcome, and/or Efficiency)

DESCRIPTION (Indicate the Goal and Objective to which applicable)	METHODS AND SOURCES USED OBTAINING DATA	FISCAL YEAR 2003	FISCAL YEAR 2004	FISCAL YEAR 2005	FISCAL YEAR 2006	FISCAL YEAR 2007
% of agency performance measures met. Goal 1, Objective 1	Compute % from review of performance measures	75%	76%	77%	78%	80%
% of agency staff and budget in Administration and support services as compared to total agency positions and budget. Goal 1, Objective 1	Compute % from review of specific portions of agency budget identified as administration	TBD	TBD	TBD	TBD	TBD
Number of prior year audit findings repeated in subsequent audit. Goal 1, Objective 1	Comparison of current year's audit findings to those of previous years	0%	0%	0%	0%	0%
Agency information technology budget as a percent of total agency budget. Goal 1, Objective 1	Compute % from review of technology portion of agency budget.	TBD	TBD	TBD	TBD	TBD
Implement all Commissioner approved National Association of Insurance Commissioners technology initiatives. Goal 1, Objective 1	NAIC documentation of state compliance, plus documentation of any Commissioner disapproval of the use of an initiative.	100%	100%	100%	100%	100%
Number of proprietary information systems maintained by agency staff or maintained through contractual services. Goal 1, Objective 1	Review proprietary information systems report	10	10	10	10	10
% Gramm-Leach-Bliley (GLB) Financial Services Modernization Act - required changes in state regulation of insurance substantially complied with. Goal 1, Objective 1	Documentation of compliance	100%	100%	100%	100%	100%

Agency Name		Arkansas Insurance Department
Program		Insurance Regulation & Consumer Protection Program
Program Authorization		Arkansas Annotated Codes: 23-61-201, 23-61-601, 23-76-122, 23-40-101
Program Definition: Funds-Center Code: 349, 348, 341, 339, 756, 130, 880, 874		This program is composed of all regulatory operations necessary to administer and provide current protection and future assurance to Arkansas insurance consumers; to safe-guard the consumer's right to local, state-based insurance regulation by protecting it from federal encroachment; and to fulfill any additional responsibilities that may be vested in the Insurance Commissioner from time to time by the Legislature or Administration.
AGENCY GOAL(S) #	1	
Anticipated Funding Sources for the Program:		Special Revenue, Cash Fund, Trust Funds, and Federal Grants

GOAL 1: Preserve State Regulation of Insurance through cooperation with the other States, and by conducting regulatory operations in such a manner as to provide the best insurance regulatory services possible.

OBJECTIVE 1: (Sub-Funds Center Codes:) Protect insurance consumers.

STRATEGY 1: (Sub-Funds Center Codes:) Conduct consumer protection activities including financial examination, regulation, industry licensure, rate review and continuing education.

OBJECTIVE 2: (Sub-Funds Center Codes:) Inform and assist insurance consumers.

STRATEGY 1: (Sub-Funds Center Codes:) Provide consumers information, complaint resolution, and assistance.

OBJECTIVE 3: (Sub-Funds Center Codes:) Minimize State government insurance costs and losses.

STRATEGY 1: (Sub-Funds Center Codes:) Conduct activities to minimize the risks to State government structures covered by insurance.

Agency Name	Arkansas Insurance Department
Program	Insurance Regulation and Consumer Protection Program

PERFORMANCE MEASURES: (Effort, Output, Outcome, and/or Efficiency)

DESCRIPTION (Indicate the Goal and Objective to which applicable)	METHODS AND SOURCES USED OBTAINING DATA	FISCAL YEAR 2003	FISCAL YEAR 2004	FISCAL YEAR 2005	FISCAL YEAR 2006	FISCAL YEAR 2007
Number of consumer monetary awards resulting from investigation of complaints. Goal 1, Objective 2	Internal complaints database report.	\$2.0M	\$1.98M	\$1.96M	\$1.95M	\$1.94M
Number of consumer complaints filed. Goal 1, Objective 2	Complaints database report	4,200	4,400	4,600	4,800	5,000
% of consumer complaints closed. Goal 1, Objective 2	Complaints database report	90%	91%	92%	93%	94%
Number consumer calls received / handled. Goal 1, Objective 2	Internal call log	28,000	28,500	29,000	30,000	29,000
% of Governor's Dislocated Worker Workshops participated in. Goal 1, Objective 2	Compute % from actual workshops attended to number of total workshops held	95%	96%	97%	98%	99%

Agency Name	Arkansas Insurance Department
Program	Insurance Regulation and Consumer Protection Program

PERFORMANCE MEASURES: (Effort, Output, Outcome, and/or Efficiency)

DESCRIPTION (Indicate the Goal and Objective to which applicable)	METHODS AND SOURCES USED OBTAINING DATA	FISCAL YEAR 2003	FISCAL YEAR 2004	FISCAL YEAR 2005	FISCAL YEAR 2006	FISCAL YEAR 2007
Percentage of agents meeting continuing education requirements. Goal 1, Objective 1	Licensing database report.	TBD	TBD	TBD	TBD	TBD
Number agents with active licenses. Goal 1, Objective 1	Licensing database report	43,000	TBD	TBD	TBD	TBD
Average processing time for agent licenses. Goal 1, Objective 1	Combination of Accounting Route Slip database report and Licensing database report	10 days	9.5 days	9 days	8 days	7 days
Number of on site inspections and analysis of State owned facilities in order to develop enhanced real property appraisals. Goal 1, Objective 3.	Internal Risk database report	1400	1500	1550	1600	1650
% of insured State structures inspected to promote increased safety awareness and operating conditions, and to facilitate loss control and loss prevention. Goal 1, Objective 3	Compute % from Risk database report	50	50	50	50	50
Number of Fidelity Bond Trust Fund contacts made. Goal 1, Objective 3	Internal Risk database report	1300	1400	1500	1550	1600

Agency Name	Arkansas Insurance Department
Program	Insurance Regulation and Consumer Protection Program

PERFORMANCE MEASURES: (Effort, Output, Outcome, and/or Efficiency)

DESCRIPTION (Indicate the Goal and Objective to which applicable)	METHODS AND SOURCES USED OBTAINING DATA	FISCAL YEAR 2003	FISCAL YEAR 2004	FISCAL YEAR 2005	FISCAL YEAR 2006	FISCAL YEAR 2007
Number of updates to Insurance Risk Assessment System (IRAS) property databases. Goal 1, Objective 3	Internal Risk database report	1500	1600	1650	1650	1650
Maintain full accreditation by annually achieving ever improving financial regulation standards. Goal 1, Objective 1	NAIC verification of accreditation	100%	100%	100%	100%	100%
% of company applications for admission to do business in Arkansas processed for initial response within 120 days. Goal 1, Objective 1	Internal Finance log	100%	100%	100%	100%	100%
% of domestic insurance companies required to be examined by Arkansas Statute, performed. Goal 1, Objective 1	Internal Finance log	100%	100%	100%	100%	100%
Examinations performed as a % of domestic insurance companies licensed in Arkansas. Goal 1, Objective 1	Internal Finance log	18%	20%	81%	27%	17%
% of domestic insurance companies on which financial analysis reviews were performed. Goal 1, Objective 1	Internal Finance log	100%	100%	100%	100%	100%

Agency Name		ARKANSAS INSURANCE DEPARTMENT
Program		Insurance Fraud Investigation
Program Authorization		A.C.A. 23-66-501, et. seq.; A.C.A. 23-100-101, et. seq.; A.C.A. 11-9-106
Program Definition: Funds-Center Code: _____		Fraud Investigation Program. This program is composed of operations necessary to enforce the criminal fraud provisions of the Arkansas Insurance Code and the Workers' Compensation Law.
AGENCY GOAL(S) #	3	
Anticipated Funding Sources for the Program:		Special Revenue

GOAL 1: To fully and equitably enforce the criminal fraud provisions of the Arkansas Insurance Code and the Workers' Compensation Law.

OBJECTIVE 1: Investigate and prosecute fraudulent insurance code and Workers' Compensation Act violations.

STRATEGY 1: (Sub-Funds Center Code: _____) Continue with the current tracking process to ensure referrals are assigned within 48 hours of receipt.

STRATEGY 2: (Sub-Funds Center Code: _____) Continue to streamline the current tracking process to ensure investigations and prosecutions referred for disposition within the statute of limitations.

STRATEGY 3: (Sub-Funds Center Code: _____) 80% acceptance rate of all cases referred by IFID legal section to local prosecutor with a 90% conviction rate on arraigned cases.

STRATEGIC PLAN

Agency Name	ARKANSAS INSURANCE DEPARTMENT
Program	FRAUD INVESTIGATION

PERFORMANCE MEASURES: (Effort, Output, Outcome, and/or Efficiency)

DESCRIPTION (Indicate the Goal and Objective to which applicable)	METHODS AND SOURCES USED OBTAINING DATA	FISCAL YEAR 2003	FISCAL YEAR 2004	FISCAL YEAR 2005	FISCAL YEAR 2006	FISCAL YEAR 2007
Review and assign referrals to an investigator within 48 hours of receipt. Goal 1, Objective 1	Investigation assignment and progress log.	80%	85%	90%	95%	100%
Investigation completed and closed or prosecution referred to local prosecutor prior to the expiration of the statute of limitation. Goal 1, Objective 2	Log closure/referral of all cases within statute of limitations.	100%	100%	100%	100%	100%
Prosecuting attorneys accept 80% of referred cases. Goal 1, Objective 3	Log closure of referred cases.	90%	95%	100%	100%	100%
90% conviction rate on arraigned cases. Goal 1, Objective 3	Court documents	90%	95%	100%	100%	100%

STRATEGIC PLAN

Agency Name		Public Employee Claims Division-AR Insurance Department
Program		Worker's Compensation for State Employees
Program Authorization		(Applicable Section of the Arkansas Code, Agency Regulations, Executive Orders, Federal Laws, Federal Regulations, etc.) ACA 21-5-601
Program Definition: Funds-Center Codes: _____ 350,351,352,353,354		The Worker's Compensation Claim Management Program for state employees is responsible for providing worker's compensation benefits for state employees with work related injuries or illnesses and residual claims of other public employees.
AGENCY GOAL(S) #	2	
Anticipated Funding Sources for the Program:		(e.g. General Revenue, Special Revenue, Federal Funds, etc.) Special Revenue.

GOAL 1: (Sub-Funds Center Code: _____) Efficiently administer the public employee Worker's Compensation Program and minimize state employee injuries and claim costs

OBJECTIVE 1: (Sub-Funds Center Code: _____) To efficiently process claims and make an eligibility decision on 75% on new lost time claims within 15 days of receipt of the claim in PECD.

STRATEGY 1: (Sub-Funds Center Code: _____) Focus on the assessment and initial investigation phase of claims processing, promote early claim reporting, emphasize early intervention in serious claims, promote an integrated disability management program in state government and provide the necessary resources to process state employee claims.

STRATEGY 2: (Sub-Funds Center Code: _____) Provide the necessary resources to pay state employee claims, school employee claim, county employee claims, and city employee claims.

STRATEGIC PLAN

Agency Name	Public Employee Claims Division-AR Insurance Department
Program	Worker's Compensation for State Employees

PERFORMANCE MEASURES: (Effort, Output, Outcome, and/or Efficiency)

DESCRIPTION (Indicate the Goal and Objective to which applicable)	METHODS AND SOURCES USED OBTAINING DATA	FISCAL YEAR 2003	FISCAL YEAR 2004	FISCAL YEAR 2005	FISCAL YEAR 2006	FISCAL YEAR 2007
Percent of new claim with eligibility decisions within 15 days G2Obj.1	Internal automated claim system reports.	71%	72%	73%	74%	75%
State government worker's compensation benefit cost rate per \$100 of payroll. G2Obj.1	Internal claim costs data and state payroll figures from DFA.	\$.48	\$.47	\$.46	\$.45	\$.44
Administrative costs as percent of claim expenditures. G2Obj.1	Internal claim and administrative cost data.	12%	12%	12%	12%	12%
Administrative costs per dollar amount of payroll. G2Obj.1	Internal claim cost data and payroll data from DFA.	.0775%	.0750%	.0725%	.0700%	.0675%